

**CITY OF BRIDGEPORT
ECONOMIC AND COMMUNITY DEVELOPMENT AND
ENVIRONMENT COMMITTEE
SPECIAL MEETING
JUNE 21, 2012.**

ATTENDANCE: M. Evette Brantley, Co-chair; Michelle Lyons,
Robert Curwen, Council President McCarthy; Warren
Blunt (7:00 p.m.)

STAFF: Atty. Ron Pacacha, City Attorney's Office; Don Eversley, Economic
Development Director

OTHERS: Council Member Angel dePara, Council Member John Olson,
Council Member AmyMarie Vizzo-Paniccia, Council Member Carlos
Silva, Council Member Susan Brannelly, Council Member Manuel Ayala,
Ramiro Albarran, Guggenheim Securities; Atty. John Stafstrom, Pullman
Comley, LLC

CALL TO ORDER.

Council Member Brantley called the meeting to order at 6:55 p.m. A quorum was present.

RE: Interlocal Agreement Between the Steel Point Infrastructure Improvement District and the City of Bridgeport For the Construction and Maintenance of Eligible Public Improvements, The Administration of District Operations and the Use of Tax Revenue.

Mr. Eversley said that this was the first of two scheduled meetings on the Steel Point Project. Tonight's meeting will be on the Steel Point infrastructure. The next meeting will be on the vertical structures and presented by the developer.

Mr. Eversley said that there had been a long list of hurdles for the project to overcome.

Council President McCarthy said that he wished to clarify that the reason the developers were not present at the meeting was because he had requested a session with the City staff first.

Right now the construction industry is bidding on the road improvements, Mr. Eversley explained. Once the 1920's infrastructure that is located underneath the parcel is replaced, then the vertical structures can be constructed.

Atty. Pacacha said that he had distributed a progress report on the various activities that have occurred at Steel Point over the last two years. He then explained that there had been a zone change to allow the mixed use in the area.

Council Member Blunt joined the meeting at 7:00 p.m.

Shortly after 2009, the City began developing an interlocal agreement, which included many internal meetings, other meetings with the developer and still others with the financial teams. Atty. Stafstrom has also contributed to this effort. There were issues particularly in terms of title issues and insuring that the City owned all the property.

The last three tenants have been relocated. The Yacht Club left the property in a damaged condition. The original agreement included turning the property over to the developer for rehabilitation. The case is currently in court.

The MOVE Yacht Club relocation is moving forward. Atty. Pacacha outlined the significant points on this aspect the project.

Council Member Brantley asked if the public would have access to the boat ramp at the yacht club. Mr. Eversley said that the public would have access. Council Member Brantley asked if the details of this could be posted.

Council Member Brannelly asked about the interlocal agreement details, which Atty. Pacacha reviewed with her.

Atty. Pacacha then gave an overview of the progress with the Bloom Oyster relocation project. There have been issues regarding repairing the bulk head, but the work has now started. The next part will be the site work and the construction of the building. The City must deliver a usable site. The various options will be going out to bid in the near future.

Council Member Lyons asked whether Bloom's would continue to operate as they have in the past. Atty. Pacacha said that he believed that the company would continue to conduct business as they normally have.

Council Member Silva asked if the Bloom Oystering would be located on the former United Illuminated (U.I.) parcel. Atty. Pacacha said that the parcel was located next to the former U.I. parcel, not on it.

Council Member Silva asked about the bulk head by the former U.I. property. Atty. Pacacha said that a few years ago, U.I. had made significant repairs to that bulk head.

Council President McCarthy had several questions about the details of the contract with Bloom in terms of ownership of the land. Atty. Pacacha provided the answers to those questions.

Atty. Pacacha then reviewed the details regarding the Tiger II Grant and explained that the roadway design has been completed and approved. The roadway project is currently out for construction bid with both Federal and State oversight. The full rebuild of the roadway will involve removing and replacing the utilities that are underground.

Approximately 40,000 plus yards of soil from the high school construction project has been delivered to the Steel Point parcel for site leveling.

Council Member Brantley expressed concerns about whether MOVE Yacht Club allows women to be members.

Council Member Blunt asked when the construction would actually be started. Mr. Eversley said that the construction for the Bloom Oyster Company building is underway. He also spoke about other site work that is in progress. In the fall the roadwork and infrastructure will start.

Council Member dePara asked Mr. Eversley about whether the schedule was firm or if it was what the developer would like to do.

Atty. Stafstrom distributed a document titled "Summary of the Interlocal Agreement Between The City of Bridgeport and the Steel Point Infrastructure District".

Council Member Vizzo-Paniccia asked about the Bloom Company having access to a second entry/exit for large trucks. Atty. Pacacha explained that the developer and Bloom had discussed this.

Council Member Curwen asked if all the lease issues had been finalized. Atty. Pacacha said that all the issues had been resolved.

Council Member Curwen asked about some of the Waltersville School issues. Atty. Pacacha said that there had been some grant funding expected, but that funding has not been released yet.

Council Member Curwen asked about the billboards. Atty. Pacacha said that the billboards leases do have terms, and added that one billboard came down in the hurricane. The other one is on the Bloom site and it is not known whether the company that owns it will remove it.

Atty. Stafstrom then gave a brief history of the site and an overview of how the Interlocal Agreement came to be. He pointed out that the infrastructure would include public improvements, such as sidewalks, roadways, sewers, water, and structured parking.

Atty. Stafstrom said that while the City has put money in to preparing the site, the State has actually put more funding in through the Tiger II grants.

He then reviewed the details of the District, how it was created, who was on the Board, and added that the District would be a governmental organization. The District Board met on Monday and approved the ILA (Interlocal Agreement). Ed Lavernoich, Adam Wood, Alanna Kabel, and Bob Christoff, Jr. will be members of the Board along with others.

The ILA will determine how the real property taxes from the development will be split between the developer and the City. The private property taxes will go 100% to the City. Atty. Stafstrom said that in Stamford, some of the major development has similar ILA agreements. His firm and Mr. Albarran's firm were both involved in those projects.

Atty. Stafstrom then reviewed the Summary with those present. He said that once the general infrastructures are completed, the developer would be responsible for the maintenance of structures.

The Bond structures were the next items reviewed. These bonds will not be on the City's books. They are considered the debt of the District. Council Member Curwen asked for the formula for issuing the assessment bonds. Atty. Stafstrom reviewed the details of this with him.

The property will only be turned over to the developer in phases. There will be engineering reports completed before the bonds can be issued. These bonds will need more security than City Bonds. There will most likely be a full year's debt service held in reserve.

Payments of the Bonds was the next topic reviewed. There will be an amount guaranteed to the City before anyone else is paid. This will cover the cost of the city services in the District. These are most likely to be 30 year bonds. Atty. Stafstrom then reviewed the amounts owed to the City. Once the project is built out, then there will be significant revenue for the City.

Atty. Stafstrom then outlined the City services that would be provided for the District and the items that the District would provide for itself.

The final item on the summary covered minority business participation, project labor agreements, prevailing wage and establishing equal opportunity requirements.

At the end of the bonds, the City Council could vote to dissolve the District and the City would assume the cost of maintenance of the District infrastructure.

Council Member Vizzo-Paniccia asked if the Police Chief and Fire Chief had been at the table, and who would be responsible for any overtime. Mr. Eversley said that the negotiating team had been very mindful of maximizing the tax revenue for the City but minimizing the extra demands

on the City services such as police and fire. The next year or so the site will be a construction site, but once the various buildings are occupied, the situation will change. Discussion followed.

Council Member Brantley said that she would like to receive the information in advance so that the Council Members would have time to look it over.

Council President McCarthy asked about the governance of the District. Atty. Pacacha said that the District would be following the same ordinances and procedures that the City already has. The only change is that the District will have minority hiring and local hiring issues.

Atty. Stafstrom introduced Mr. Albarran, whose company does underwriting. He said that his comments would be on who would be buying the bonds. This is clearly understood by the marketplace as a separate investment. The investors will be looking at the prospects of the site and the values that are created. The revenues that flow to the site will be critical. The special assessment will be used for the debt service on the bonds. This practice has been used in virtually every state in the Union. The assessment that the private property owners will be having will also be another critical issues.

Mr. Albarran then went on to speak about the Stamford project. He said that the \$190,000,000 bond in Stamford was basically one bond, but this project will be done in phases.

The bond market today would call this a high yield investment bond because the development has not been constructed. The investors would be companies that are household names. If the bond went out on the market today, it would probably be at 6%-7%.

Atty. Stafstrom said that while the City could do the legal part, the project needs the bonds in order to do the development.

Council Member Curwen had a question about the Special Benefits Assessment and how this would be affected by re-evaluation. Atty. Stafstrom said that the only tax sharing that would be done would be within the District. The projections and inflation factors have been calculated in the benefits assessment.

Mr. Albarran said that there are risks and reminded everyone that the current projections are projections. There may need to be adjustments in the assessments.

Council Member Curwen asked whether once the District is established, if it could be subject to eminent domain. Atty. Stafstrom said that the District would own the streets, the sewers and parking garages. However the private property would be subject to eminent domain. Atty. Pacacha reminded everyone that there were protections in the LDA.

Council Member dePara asked Mr. Albarran about the 6%-7% payment on the bonds that he had mentioned. Mr. Albarran said that the City had a much stronger credit profile, so the District would have a much higher risk.

Council Member dePara asked about the four phases. Mr. Albarran said that it would be parceled out.

Council President McCarthy asked about refinancing. Atty. Stafstrom reviewed this type of process. During the development, there is high risk. Once it is built out, then the General Obligation bonds could be issued or the District could be forced to refinance at the District level.

Rev. Olson said that the City has been disappointed for so long. He asked why Mr. Albarran was optimistic. Mr. Albarran said that he had discussions with various people who have analyzed the amount of traffic that goes across the northern portion of the property. In terms of interests, there have been numerous inquiries. This is a significant parcel in the Washington-Boston corridor.

Atty. Stafstrom said that they would be available to answer any questions on the ILA on Tuesday.

Council Member Curwen asked whether there was a cap on administrative expenses. Atty. Stafstrom said that there was a very narrow definition in the contract.

Council Member dePara said that there was an additional meeting on Tuesday when the developer would be present. He asked if Atty. Stafstrom and Atty. Pacacha would be present. Atty. Stafstrom said that they would be present.

Mr. Eversley said that this tax increment structure has been considered for many years. In 2008, following the crash, this produce was no longer available until recently. It is now open and other cities have been able to have their projects moving forward again.

Mr. Albarran then spoke about how the Harbor Point project in Stamford was able to help the City. He then listed some of the development that has happened in the area since the improvements were constructed.

Council Member Curwen said that he agreed with the ILA but wanted to know if the DOT tenants would want. Atty. Stafstrom said that the LDA had language about the uses and creating the atmosphere. It won't be just any tenant that comes along.

ADJOURNMENT.

**** COUNCIL MEMBER CURWEN MOVED TO ADJOURN.**

**** COUNCIL PRESIDENT MCCARTHY SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:30 p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services